



DATE: December 2, 2010
TO: Chairman Pringle and Board Members
FROM: Roelof van Ark, Chief Executive Officer
RE: Agenda Item #3 – Corridor Selection: Initial Construction

Discussion:

In 2009 and 2010, the California High-Speed Rail Authority (Authority) applied for a total of \$5.73 billion from the Federal Railroad Administration (FRA) under the new High-Speed Intercity Passenger Rail Program (HSIPR) to initiate construction of Phase I of the California High-Speed Train Project (CHSTP). Federal funding, made available under the American Recovery and Reinvestment Act (ARRA) and the FY 2010 Transportation Appropriations Act, would be matched with California Proposition 1A bond proceeds to initiate construction in four of the seven sections of the Anaheim-San Francisco Phase 1 program: San Francisco-San Jose; Merced-Fresno; Fresno Bakersfield; and Los Angeles Anaheim (denoted as “sections” below).

With letter dated October 28th, 2010, the FRA informed the Authority that it had been awarded \$715M in response to its application for HSIPR FY10 funds, for application to either one of the Central Valley sections (Fresno to Bakersfield or Merced to Fresno) and on November 3rd the Authority was informed by the FRA that all allocated funding, namely the FY10 funding and the remaining unobligated FY09 ARRA funds must be applied to final design and construction of one of two Central Valley sections (Fresno to Bakersfield or Merced to Fresno) of the California High-Speed Train System. On October 28, 2010, the Authority was also selected to receive \$16M of FY10 funding toward specific improvements to the San Francisco to San Jose project section.

The FRA has informed the Authority that it intends to conclude Funding & Cooperative Agreements for these funds by December 31, 2010. Based on this revised grant execution schedule, it is clear that the Authority needs to make a determination of which of the two Central Valley sections it would choose to apply the ARRA and HSIPR FY10 funds. An agreement with the FRA must be based on a defined Scope of Work for one section, as also previously communicated by the FRA. As the Record of Decision/ Notice of Determination (ROD/NOD) and final selection of the alignment would not yet be completed for either Central Valley section by the time the Grant / Cooperative agreement is signed with the FRA, such Agreement would be conditioned upon the successful completion of the project-level environmental

impact studies, the selection of the final preferred alternative route within the selected section and the conclusion of the ROD/NOD for the section by the fall of 2011. The Authority would retain discretion over the outcome of the environmental process and would have the ability to seek adjustments to the grant agreement, if necessary, based on its final decisions.

At the November 4, 2010 meeting, the Board approved the selection criteria which are attached to this report as Appendix B. At the December 2, 2010, Board Meeting the Chief Executive Officer will present to the Board, the evaluation of the two Central Valley ARRA sections, done according to the final criteria (Refer to Appendix A). The Board will then determine the section and corridor to which the ARRA and HSIPR FY10 funds will be applied.

Throughout the process it should be remembered that the California High-Speed Rail System will be the backbone passenger rail system of the State, and needs to connect southern and northern California, including the metropolitan areas of Los Angeles/Anaheim, San Diego, San Francisco, San Jose and Sacramento. This first step in the process, to select and then build the first segment of the line, is only the beginning of a continuous process, which should logically lead to the continued construction of the alignment, until the whole network is interconnected.

Major factors that need to be considered in the selection process include impacts on the project schedule, logical sequencing of the work, mandated testing of high-speed trains, and the maximum impact the investment of present Federal and State dollars can have on the project. The Authority also must consider the specific requirements and guidance provided in ARRA and Proposition 1A (as codified in CA Streets and Highways Code §§2704-2704.21 and Public Utilities Code §§185033, 185035 and 185037). The “Independent Utility” / “Operational Independence” requirement associated with the ARRA respectively the FY10 HSIPR funding also needs to be met.

Recommendation:

That the Board discuss and decide upon the section and corridor which should be selected as being the first High-Speed corridor to be constructed. Staff recommends the corridor “Alternative 1” as described and evaluated in the attached Appendix A & B. Furthermore it is recommended the Board delegate to the Chief Executive Officer to conclude a Funding/ Cooperative Agreement with the FRA on behalf of the Authority by end December 2010 based on this Alternative 1.

Attachments:

- Appendix A: Evaluation of the two Central Valley ARRA sections
- Appendix B: “Criteria for selecting the Section/Usable Segment” as approved by the Board on November 4, 2010 and duly applied to the relevant sections.
- Resolution HSRA11-16